# REPORT REPRINT

# Nintex wins new investor, positions itself in the intelligent process automation market

## CARL LEHMANN, SHERYL KINGSTONE
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With support from new backer Thoma Bravo, the company is positioning its no-code workflow automation platform and emerging artificial intelligence technology in what promises to be a compelling intelligent process automation sector.

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Nintex recently announced that private equity (PE) firm Thoma Bravo has become its lead investor, taking a majority stake in a deal that is expected to close at the end of March. The announcement comes alongside Nintex's third annual global customer event, Nintex xchange, held in San Diego. There the workflow automation vendor touted its no-code platform and artificial intelligence (AI) technology as the next-generation means to enable intelligent process automation (IPA). In this report, we examine what Thoma Bravo's investment stake might mean to Nintex and how the company plans to enable IPA to benefit enterprise line-of-business (LOB) leaders and professionals.

## THE 451 TAKE

Nintex has evolved in recent years along with other business process management (BPM) and workflow automation providers into a new application development environment we call a 'digital automation platform' (DAP). DAPs are composed of a set of tools, resources and AI technology structured in a uniform low-code/no-code framework to enable developers to rapidly design, prototype, develop, deploy, manage and monitor a range of process- and content-oriented applications. They can extract insight from process execution, enabling discovery and continuous improvement. In so doing, they enable IPA – an application development discipline focused on intuitive user experiences, contextual awareness and transparent execution. IPA provides a new means to accelerate business operations based on awareness to make them efficient, as well as extract knowledge from automated execution to meet the innovation and operational efficiency needs of enterprises. Nintex is among the earlier pioneers blazing a trail in the emerging IPA sector via its latest workflow and content automation platform and analytic capabilities.

## CONTEXT

Headquartered in Bellevue, Washington, Nintex has nearly 450 employees – its product development team is located in Bellevue, Melbourne and Malaysia. Other offices are located in Dubai, London, Tokyo and Irvine, California. The company reports a roster of more than 7,500 enterprise clients and 1,700 partners in 90 countries. Nintex is operating with run-rate revenue of over $100m, consistent with our last report. In early February, Nintex announced Thoma Bravo as its new lead investor, but terms of the transaction were not disclosed (451 Research's M&A KnowledgeBase estimates that the PE shop paid $540m for its majority stake).

Chicago-based Thoma Bravo is a later-stage PE firm focused on application and infrastructure software and investments in technology-enabled services. It provides equity and strategic support to established and growing businesses. Thoma Bravo collaborates with its portfolio company management teams to improve business operations and make accretive acquisitions. It manages a series of PE and debt funds representing more than $17bn of capital commitments.

The first thing Thoma Bravo did as majority owner was to appoint a new CEO, Eric Johnson, who was handpicked by Nintex's CEO of over four years, John Burton, to be the company's CFO. Johnson has successfully served as the vendor's CFO for four-plus years and will take the CEO reins on April 1. Burton stewarded Nintex to independence away from its earlier technology ties and reliance on Microsoft ecosystems. Doing so paved the way for Nintex to open itself to a variety of new opportunities as a workflow and content automation provider capable of bridging multiple IT ecosystems – most notably Microsoft, Salesforce and Box. Johnson will lead a talented technology team that is well underway in engineering the next generation of the company's IPA strategy.

## STRATEGY AND PRODUCTS

Nintex believes that automating workflows to improve enterprise and LOB productivity is only just beginning. In the very near future, competitive advantage must be achieved through intelligence. Machine learning (ML) and AI tools are the key ingredients required for next-generation workflow automation platforms to gather information needed to intelligently design processes and continuously expose insight as they execute. To this end, Nintex is positioning its wares as key enablers of IPA.

We view IPA as the result of a choreographed relationship among workflow automation, ML and AI technologies combined to create a unified digital automation platform. DAPs emerged from earlier BPM technologies to enable developers to rapidly design, prototype, develop, deploy, manage, monitor and automate a range of process- and content-oriented applications that extract insight from process execution and enable continuous improvement. We also consider IPA an application development discipline focused on intuitive user experiences, contextual awareness and transparent execution. It provides a new means to accelerate business operations and make them efficient, as well as extract knowledge from automated execution to meet the innovation and operational efficiency requirements of enterprises.

Nintex's view of IPA is composed of six core capabilities that form an IPA portfolio. It starts with advanced workflow capabilities that automate any business process, from simple to sophisticated, with simple drag-and-drop, no-code workflow tooling. The company positions its offering as a 'no-code vs. low-code' platform because its palette of tools – and the means by which attributes can be defined – can truly automate workflows without coding. Document generation closely follows with efficient means to automatically create consistent, compliant and up-to-date documents with what Nintex refers to as 'push-button' ease. Indeed, the vendor has made significant inroads in recent releases improving the productivity of the creation and use of forms.

Other core IPA capabilities include means to leverage mobile devices and forms to capture data online and offline, as well as RPA for highly repetitive manual tasks. Process intelligence is a critical differentiator for Nintex. The company's process intelligence engine, Nintex Hawkeye, was launched in 2016 to provide a means to govern, analyze and drive the efficiency of process automation with real-time analytics and insight. It also plays a key role in the sixth and final core IPA capability: machine intelligence, or a means to assist in completing tasks employing other best-of-breed ML and natural-language-processing technology.

As customers embrace digital transformation strategies across multiple departments, improving sales, service and marketing initiatives were top use cases presented at the conference. For example, sales and marketing lead-to-cash processes contain myriad different systems riddled with manual and paper-based practices that are ripe for modernizing with intelligent automation procedures that overlay complex systems of record with improved systems of engagement. Leveraging the power of machine intelligence to automate business processes and orchestrate work across many enterprise software silos will ensure flow of data and actions to improve performance effectiveness. Contact centers are also reevaluating how to intelligently automate customer service processes such as case management, field operations and communication strategies.

Most businesses have only partially automated processes. Every day, customers, employees and partners still fill out forms manually, restate the obvious on a call or embark on redundant data entry. It is possible to automate the majority of business processes via a combination of data, content and intelligent procedures, but it can only happen if they embrace systems of engagement that are more agile and operate in real time.

Nintex helps businesses focus on transforming how work is conducted and change the nature of that work in a way that heavily influences customer and employee engagement and retention. Businesses must operationalize workflows, automate process steps and digitize content and data, incorporating analytics to ensure efficient operations.

## COMPETITION

In July 2017, Thoma Bravo completed the acquisition of Lexmark's enterprise software business, which includes Kofax and ReadSoft. Kofax and ReadSoft were combined under the Kofax brand, which now includes the Kofax TotalAgility BPM suite, Kofax Kapow robotic process automation (RPA) technology, and ReadSoft Process Director for financial process automation products.

Kofax is a potential rival to Nintex. Its offering combines capture, process management, RPA, mobile, e-signature, customer communications management and analytic capabilities in a unified software platform that enables digital transformation initiatives. Kofax has strengths in enterprise content management (ECM) and uses its TotalAgility platform to automate content-centric business process applications. Indeed, Kofax Kapow was as early pioneer in the RPA sector. While Nintex has less ECM capabilities, the company has an edge over Kofax in its strategy and development of its Nintex Hawkeye technology. Kofax is likely to maneuver to serve the emerging IPA segment.

Broadly speaking, Nintex sees itself positioned between more complex BPM platforms and application development environments that serve the IT organizations of enterprises, and lower-end productivity tools designed to enable simple workflows. BPM Suite, BPM and Process Orchestration are Oracle, IBM and SAP's respective environments for the development of business process applications. Other BPM suite contenders include Pega and Appian with capable automation platforms that tackle large enterprise-grade development opportunities. Indeed, OpenText and Alfresco also have well-designed tooling capable of developing process- and content-centric business applications.

Interestingly, in a similar move to Thoma Bravo's pickup of Nintex, Thomas H. Lee Partners recently agreed to a full purchase of Alfresco. There seems to be increasing market demand for automation engines. The lower end of the space includes vendors like Asana, Zapier, IFTTT and even Microsoft with Flow. Each offers simple task-oriented workflow automation capabilities.

Nintex's market sweet spot serves enterprise LOBs that must rapidly respond and adapt to opportunity and change. Players most likely to vie with Nintex in this area include K2, BP Logix and Bizagi. However, Nintex may have an advantage when it comes to thought leadership, use of AI, and intuitive design of its platform.

## SWOT ANALYSIS

**STRENGTHS**
Nintex has a strong roster of customers and partners and its investment in no-code capabilities makes it a valuable tool for LOB leaders and professionals that need to automate process improvement quickly, easily and intelligently.

**WEAKNESSES**
The company is evolving to play a greater role in business application development environments. It can benefit more than just the LOB – in fact, it can play a more strategic enterprise role. Over time, Nintex may consider building out its UI design capabilities as its users graduate from forms-based workflow applications to truly exploit IPA.

**OPPORTUNITIES**
Extracting knowledge from process execution to gain business insight from usage patterns and behaviors, as well as enable continuous improvement, will drive intelligent process automation – a trend with which Nintex is well-positioned.

**THREATS**
The vendor would benefit from moving upstream into broader enterprise-class end-to-end BPA. There are a growing number of low-end workflow providers that are targeting LOB leaders. Nintex's no-code capabilities would be welcome by a wider range of more sophisticated enterprise application developers.